

SENATE BILL REPORT

SB 5026

As Passed Senate, March 12, 2007

Title: An act relating to a sales and use tax exemption for recovered wood waste boiler equipment used in steam production.

Brief Description: Providing a sales and use tax exemption for recovered wood waste boiler equipment.

Sponsors: Senators Murray and Sheldon.

Brief History:

Committee Activity: Ways & Means: 2/06/07, 3/05/07 [DP, DNP].

Passed Senate: 3/12/07, 37-11.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Pridemore, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Carrell, Hatfield, Hewitt, Hobbs, Honeyford, Keiser, Kohl-Welles, Oemig, Parlette, Rasmussen, Roach, Rockefeller, Schoesler and Tom.

Minority Report: Do not pass.

Signed by Senator Fairley.

Staff: Dean Carlson (786-7305)

Background: The retail sales tax applies to the selling price of tangible personal property and of certain services purchased at retail. The use tax applies if retail sales tax has not been collected. Sales and use taxes are levied by the state, counties, and cities, and total rates vary from 7 to 8.9 percent. Sales taxes are collected by the seller from the buyer at the time of sale. Use tax is remitted directly to the Department of Revenue. State revenues are deposited to the state General Fund.

Retail sales and use taxes apply to all items of tangible personal property unless specifically exempt. There is currently a sales and use tax exemption on machinery and equipment used directly in a manufacturing operation. However, this exemption does not apply to the manufacturing of steam, electricity, or electrical energy.

Summary of Bill: An exemption from retail sales and use tax is provided for the acquisition of recovered wood waste boiler equipment used primarily in the production of steam for

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sale. The steam must be sold for use in sterilizing personal property, heating water, or heating buildings or personal property. The exemption also applies to repair and replacement parts and to labor and services in installing, repairing, and cleaning recovered wood waste boiler equipments.

Recovered wood waste is defined to mean discarded wood, such as wood from pallets and crates, shredded wood waste from land clearing, saw dust and wood trimmings from cabinet shops and from saw mills.

The types of equipment covered by the exemption include boilers, wood waste storage facilities located at the plant, conveyers to transport the waste from storage to the boilers, and associated emissions control equipment.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2007.

Staff Summary of Public Testimony: PRO: Seattle Steam is changing how it provides energy downtown. We want to use renewable energy. We want to stop purchasing gas and oil from overseas and use a local fuel source where it will create jobs. This fuel source would otherwise just be thrown away in the county dumps. We feel we are entitled to this sales tax exemption.

Persons Testifying: PRO: Martin Flynn, Stan Gent, Seattle Steam Company.